

S&P China A-Share Indices *Methodology*

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Table of Contents

Introduction	2
Index Objective	2
Highlights and Index Family	2
Supporting Documents	2
Eligibility Criteria	3
Eligibility Factors	3
Index Construction	5
Index Calculations	5
Index Maintenance	6
Rebalancing	6
Corporate Actions	7
Currency, Currency Hedged, and Risk Control Indices	7
Investable Weight Factor (IWF)	8
Other Adjustments	8
Index Data	9
Calculation Return Types	9
Index Governance	10
Index Committee	10
Index Policy	11
Announcements	11
Pro-forma Files	11
Holiday Schedule	11
Unexpected Exchange Closures	11
Recalculation Policy	11
Real-Time Calculation	11
Contact Information	12
Index Dissemination	13
Tickers	13
FTP	13
Web site	13
Disclaimer	14

Introduction

Index Objective

The S&P China A-Shares indices are designed to measure the performance of various segments of the Chinese equities market.

Highlights and Index Family

The S&P China A-Shares family of indices includes the S&P China A 50, the S&P China A 100, the S&P China A 200, the S&P China A 300, the S&P China A SmallCap 300, the S&P China A AllCap (collectively called the S&P China A size indices) and the S&P China A Composite index, all of which provide coverage of the A-Share market. The S&P China A 50 and the S&P China A 100 cover the largest and most liquid stocks from China's A-share market. The S&P China A 200 represents the market's mid cap segment and together with the S&P China A 100 aggregate to form the S&P China A 300. The S&P China A SmallCap 300 is a 300 stock index which completes the series' investable size representation. The S&P China A AllCap is the aggregate of the S&P China A 300 and the S&P China A SmallCap 300. The Composite index represents the entire A-Share market (excluding ChiNext Shares).

All indices are based on the S&P Global BMI index methodology, which provides consistency, transparency and liquidity. In addition, these indices are suitably tailored to local market conditions. The S&P China A-Share Indices serve as robust investment benchmarks for the entire Chinese stock market and a variety of sub-markets.

To ensure that these indices are consistent with international practices and standards, the Global Industry Classification Standard (GICS[®]), co-developed by S&P and MSCI and widely used by institutions as well as investors all over the world, is applied.

Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

Supporting Document	URL
S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology	Equity Indices Policies & Practices
S&P Dow Jones Indices' Index Mathematics Methodology	Index Mathematics Methodology
S&P Dow Jones Indices' Float Adjustment Methodology	Float Adjustment Methodology
S&P Dow Jones Indices' Global Industry Classification Standard (GICS) Methodology	GICS Methodology

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

Eligibility Criteria

Stocks are eligible for inclusion in the S&P China A-Share size indices if they meet the criteria for size, liquidity, profitability and sector representation. Only A-Share companies listed on the Shanghai and Shenzhen Stock Exchanges can be included in the S&P China A-Share Indices. Stocks included in the S&P China A 100 and the S&P China A 200 aggregate to form the S&P China A 300. The S&P China A SmallCap 300 consists of 300 small-cap stocks that are not members of the S&P China A 300 Index. Stocks included in the S&P China A 300 and the S&P China A SmallCap 300 aggregate to form the S&P China A AllCap. For the S&P China A Composite index, all A-Share companies (excluding ChiNext Shares) are eligible for inclusion. Stocks are added to this index effective the second day post listing and are removed effective the day they are delisted.

Stocks Listed as “Special Treatment”. Companies in the A-Share market that have recorded losses for two consecutive years are listed under the “Special Treatment” (ST) status. Due to limitations on the transactions and trading price of ST shares on any specific trading day, all ST stocks are ineligible for inclusion in an S&P China A-Share size index. Once a stock is no longer classified as ST, it will be deemed eligible for index inclusion.

Stocks Under Trading Influence. There may be certain A-Share stocks whose market prices and trading volume may be considered influenced. These stocks are ineligible for inclusion in the S&P China A-Share size indices.

All decisions to include or exclude a company in an S&P China A-share Indices are at the sole discretion of S&P Dow Jones Indices.

Eligibility Factors

Market Capitalization. Only stocks with the most representative float-adjusted market capitalization within their respective industry are included in the S&P China A-Share size indices.

A stock’s weight in the index is determined by its float-adjusted market capitalization. All government holdings and cross holdings (shares held by other constituents of the index) are removed from the float-adjusted market capital.

Please refer to Investable Weight Factors (IWF) within Index Maintenance for details.

Liquidity. Only listed A-share companies that are actively traded in the market will be included in the S&P China A-Share size indices. The key criteria for assessing liquidity are annual trading volume and the annual turnover rate of float-adjusted shares versus the market.

To ensure the liquidity of the constituent stocks, the trading volume and turnover of all constituents will be measured. If the float-adjusted market capitalization of two companies is the same or similar, the company with the larger annual trading volume will be considered first for index inclusion.

Sector Classification. Stocks are classified according to GICS. GICS breaks the classifications into groups with similar primary business lines as determined by an analysis of the revenues and earnings stream of the company. The S&P China A-Share Indices use GICS as the basis of industry classification. Industry classification of China’s A-Share enterprises will be reviewed annually with data extracted mainly from annual and semi-annual reports. Any change to the GICS classification of companies will be announced in advance of the change taking effect. When selecting stocks for inclusion in the S&P China A-Share Indices, the S&P Dow Jones Indices will attempt to ensure that each Industry Group is accurately represented according to the current distribution of industry weights in the market.

Financial Viability. Only companies with a track record of stable income and profitability are included in the S&P China A-Share size indices. In selecting constituent stocks from each representative industry, the market capitalization will be treated as the primary selection criteria, and liquidity of the stock as the secondary consideration. However, the financial position, operations, income and profitability of the company will be used to screen out companies with unstable income and profit. Financial indicators used include earnings per share (EPS), return on assets (ROA) and debt to asset ratio.

S&P Dow Jones Indices believes turnover in index membership should be avoided when possible. At times a company may appear to temporarily violate one or more of the addition criteria. However, the addition criteria are for addition to an index, not for continued membership. As a result, an index constituent that appears to violate criteria for addition to that index will not be deleted unless ongoing conditions warrant an index change.

Index Construction

The S&P China A-share Indices are calculated using a base-weighted aggregate methodology. That means the level of an index reflects the total market value of all the constituent stocks relative to a particular base period. The total market value of a company is determined by multiplying the price of its stock by the number of shares available after float adjustment. An index number is used to represent the result of this calculation in order to make the value easier to work with and track over time. It is much easier to graph a chart based on index values than one based on actual market values.

Index Calculations

Index calculations are based on stock prices taken from the Stock Exchanges of Shanghai and Shenzhen. The official daily index closes for both price and total return indices are based on closing prices on the mainland exchanges. Real-time quotes for the S&P China A 50 and S&P China A 300 will be provided and updated every 15 seconds through recognized international data vendors.

On any given day, the index value is the quotient of the total available market capitalization of the index's constituents and its divisor. Continuity in index values is maintained by adjusting the divisor for all changes in the constituents' share capital after the base date. This includes additions and deletions to the index, rights issues, share buybacks and issuances, spin-offs, and adjustments in availability. The divisor's time series is, in effect, a chronological summary of all changes affecting the base capital of the index. The divisor is adjusted such that the index value at an instant just prior to a change in base capital equals the index value at an instant immediately following that change.

For more information on the index calculation methodology, please refer to S&P Dow Jones Indices' Index Mathematics Methodology document.

Index Maintenance

Changes in the index level reflect changes in the total market capitalization of the index that are caused by price movements in the market. They do not reflect changes in the market capitalization of the index or of the individual stocks, which are caused by corporate actions such as dividend payments, stock splits, distributions to shareholders, mergers, or acquisitions. When a corporate action affects the price of a security – such as when the price drops on a special distribution ex-date – the price of the security is adjusted to reflect the ex-date and the index divisor is adjusted to offset any change in the total market value of the index.

When a stock is replaced by another stock, the index divisor is adjusted so that the change in index market value that results from the addition or deletion does not change the index level.

Rebalancing

The constituents of the S&P China A-Share size indices are reviewed semi-annually. Any index constituent changes are implemented after the market closes on the last business day of the third week of June and December (usually on a Friday unless a market holiday occurs on that day). A client announcement for index changes is made five days prior to the effective date of the adjustment.

The eligible universe of stocks is reviewed on a quarterly basis. S&P Dow Jones Indices may decide to adjust constituent stock selections in relation to changes in market conditions resulting from issuance of new shares, mergers between enterprises and other corporate actions. In principle, information is disseminated to the public on the temporary adjustment of constituent stock selection five days before the effective date of the adjustment. S&P Dow Jones Indices will take every care to try and minimize constituent stock changes.

Frequency. Semi-annually, implemented after market close in the third week of June and December (usually on a Friday unless a market holiday occurs on that day).

5% Rule. All share changes of 5% and over are done at the effective date, or as soon as reliable information is available. Changes of less than 5% will be implemented at the following quarterly rebalancing that is scheduled on the third Friday of March, June, September and December. Similarly, Investable Weight Factor (IWF) changes of 5% or over resulting from a major shareholder's change in holdings are applied immediately. Changes of less than this are applied at the IWF Annual Reconstitution, which is effective after the close of the third Friday in September each year.

Please refer to S&P Dow Jones Indices' Float Methodology for details about float adjustment.

Additions. An index addition generally is made only if a vacancy is created by an index deletion. The selection criteria for the addition of a new constituent stock is consistent with that of other constituents, namely size, liquidity, profitability and sector representation. With IPO stocks, the Index Committee will consider the inclusion of new listings during the regular index reviews using consistent guidelines of market capitalization, company fundamentals and expected trading volume. An exception is made for extraordinarily large offerings where the IPO stock's float-adjusted market capitalization ranks in the top ten of the index. These stocks will be included in the indices as soon as practical, with the exact date depending upon the announced date of share issuance and allowing for a reasonable time period for funds to adjust their portfolios.

Deletions. A company can be deleted from an index due to corporate events such as mergers, acquisitions, takeovers, delistings or bankruptcies.

- Whenever possible, changes in the index's constituents are announced at least two business days prior to their implementation date.
- If an index constituent is suspended by its primary market, it may be removed from the index at the discretion of the Index Committee.
- Whenever practicable, S&P Dow Jones Indices will use the best available alternate pricing source to determine the value at which the company should be removed from the index.

In addition, a company can be deleted from an index if it no longer meets the eligibility criteria for index inclusion for reasons such as the inability of a stock to reflect the market due to a large change in size or liquidity. A company will also be removed from an index, as soon as practical, if it is listed for closer supervision and marked as a Special Treatment (ST) stock by the exchanges. Stocks are labeled ST if the exchanges believe the stock has potential trading risk by having a distressed financial status or are showing abnormalities.

Corporate Actions

Maintaining the S&P China A-Share Indices includes monitoring and completing the adjustments for company additions and deletions, share changes, stock splits, stock dividends, and stock price adjustments due to restructurings or spin-offs. Some corporate actions, such as stock splits and stock dividends, require simple changes in the common shares outstanding and the stock prices of the companies in the index. Other corporate actions, such as share issuances, change the market value of an index and require an index divisor adjustment to prevent the value of the index from changing.

Adjusting the index divisor for a change in market value leaves the value of the index unaffected by the corporate action. This helps keep the value of the index accurate as a barometer of stock market performance, and ensures that the movement of the index does not reflect the corporate actions of the companies in it. Divisor adjustments are made after the close of trading and after the calculation of the closing value of the index. Any change in the index divisor also affects corresponding sub-indices and divisors. Each sub-index is maintained in the same manner as the headline index.

Corporate actions such as splits, stock dividends, spin-offs, rights offerings, and share changes are applied on the ex-date.

Spin-offs. A spun-off company is added to all indices of the parent company at a zero price on the exdate. Should the spun-off company not be considered eligible for any S&P China A share index that it is added to on the basis of its float-adjusted market capitalization, then it will be removed from the respective index after at least one day of regular way trading.

For more information, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Currency, Currency Hedged, and Risk Control Indices

The S&P China A-Share Indices are calculated in Chinese RMB (renmibi).

Additional currency, currency hedged, and risk control versions of the indices may be available. For a list of available currency, currency hedged, and risk control indices, please contact Client Services at index_services@spglobal.com.

For more information on currency, currency hedged, and risk control indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.

Investable Weight Factor (IWF)

All issues in the S&P China A-Share Indices are assigned a float-adjustment factor, called an Investable Weight Factor (IWF). The IWF ranges between 0 and 1, and is an adjustment factor that accounts for the publicly available shares of a company. The company's adjusted market capitalization determines an equity issue's relative weight in the index.

Please refer to the S&P Dow Jones Indices' Float Adjustment Methodology for a detailed description of float adjustment and Investable Weight Factor (IWF) on the Web site at www.spdji.com.

Other Adjustments

In cases where there is no achievable market price for a stock being deleted, it may be removed at a zero or minimal price at the Index Committee's discretion, in recognition of the constraints faced by investors in trading bankrupt or suspended stocks.

Index Data

Calculation Return Types

S&P Dow Jones Indices calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices.

- Price Return (PR) versions are calculated without adjustments for regular cash dividends.
- Gross Total Return (TR) versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.
- Net Total Return (NTR) versions, if available, reinvest regular cash dividends at the close on the ex-date after the deduction of applicable withholding taxes.

In the event there are no regular cash dividends on the ex-date, the daily performance of all three indices will be identical.

For a complete list of indices available, please refer to the daily index levels file (“`.SDL`”).

For more information on the classification of regular versus special cash dividends as well as the tax rates used in the calculation of net return, please refer to S&P Dow Jones Indices’ Equity Indices Policies & Practices document.

For more information on the calculation of return types, please refer to S&P Dow Jones Indices’ Index Mathematics Methodology.

Index Governance

Index Committee

The index is maintained by the Asia Indices Index Committee. All committee members are full-time professional members of S&P Dow Jones Indices' staff. The committee meets regularly. At each meeting, the Index Committee may review pending corporate actions that may affect index constituents, statistics comparing the composition of the index to the market, companies that are being considered as candidates for addition to the index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts or other matters.

S&P Dow Jones Indices considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Index Policy

Announcements

All index constituents are evaluated daily for data needed to calculate index levels and returns. All events affecting the daily index calculation are typically announced in advance via the Index Corporate Events report (SDE), delivered daily via ftp to all clients. Any unusual treatment of a corporate action or short notice of an event may be communicated via email to clients.

All methodology changes are posted to the S&P Dow Jones Indices' Web site and announced via email to all clients. The latest available version is posted on the Web site at www.spdji.com.

For more information on S&P Dow Jones Indices' announcements, please refer to the Announcement Policy.

Pro-forma Files

In addition to the corporate events file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files each time the indices rebalance. The pro-forma file is typically provided daily in advance of the rebalancing date and contains all constituents and their corresponding weights effective for the upcoming rebalancing.

Please visit www.spdji.com for a complete schedule of rebalancing timelines and pro-forma delivery times.

Holiday Schedule

The S&P China A-Share Indices follow national holidays in China as recognized by the Shanghai Stock and Shenzhen Stock Exchanges.

For more details, please refer to the Shanghai Stock Exchange's Web site at www.sse.com.cn and Shenzhen Stock Exchange's Web site at www.szse.cn.

A complete holiday schedule for the year is available at www.spdji.com.

Unexpected Exchange Closures

For information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Recalculation Policy

For information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Real-Time Calculation

Real-time, intra-day, index calculations are executed for certain S&P China A-Share indices every 15 seconds, whenever any of the index's primary exchanges are open. Real-time indices are not restated.

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

Contact Information

For any questions regarding an index, please contact: index_services@spglobal.com.

Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at www.spdji.com, major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

Tickers

The table below lists headline indices covered by this document. All currency, currency hedged, risk control, and return type versions of the below indices that may exist are also covered by this document. Please contact index_services@spglobal.com for a complete list of indices covered by this document.

Index	Bloomberg	Reuters
S&P China A 50	CSSP50	.SPCITIC50
S&P China A 300	CSSP300	.SPCITIC300
S&P China A 100	CSP100	.SPC100
S&P China A 200	CSP200	.SPC200
S&P China A SmallCap 300	CSPSC	.SPCSC
S&P China A AllCap	SPCALL	--

FTP

Daily constituent and index level data are available via FTP subscription.

For product information, please contact S&P Dow Jones Indices, www.spdji.com/contact-us.

Web site

For further information, please refer to S&P Dow Jones Indices' Web site at www.spdji.com.

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